

John Viskup

From: Mark White [mwhite@victoryenergyinc.com]
Sent: Wednesday, March 03, 2004 3:24 PM
To: Kang Stephen; Levstek Dan
Cc: John Viskup
Subject: FW: Completed Annex

Stephen & Dan,
In my haste to submit the Annex I failed to incorporate several of my comments. I have made the necessary changes to the Annex a copy of which is enclosed. We apologize for this inconvenience.
Regards,
Mark White

-----Original Message-----

From: Mark White [mailto:mwhite@victoryenergyinc.com]
Sent: Wednesday, March 03, 2004 1:44 PM
To: Kang Stephen (skang@eriepower.com); Levstek Dan (dlevstek@eriepower.com)
Cc: Viskup John (jviskup@victoryenergyinc.com)
Subject: Completed Annex

Stephen & Dan,
A draft of the annex is enclosed for your review and comment.
Regards,
Mark White

6/7/2005

CONFIDENTIAL

VEO0976



**ANNEX _____
KEYSTONE® WATERTUBE BOILER PURCHASE**

In exchange for compensation as stated within the Agreement, Erie Power Technologies, Inc. (EPTI) agrees to transfer title to or otherwise provide rights to on an exclusive basis to Victory Energy Operations, LLC (VEO), within thirty (30) days from the date of this agreement, the following:

Boiler Technology

Keystone® "O" and "D" type, industrial watertube boiler technology including associated internal radiant and convective superheater systems for the Capacity Range as specified.

Capacity Range

Steam capacity up to and including 165,000 pph of saturated or superheated steam. Steam pressure and temperature limitations are as follows:

Pressure: _____

Temperature: _____

Drawings and Information

All associated Keystone® "O" and "D" type drawings and information required for the design, fabrication, assembly and maintenance of the Boiler Technology. Drawings and information shall be provided for all "M" ("O" Type) & "D" Series boilers for projects executed within the Capacity Range as stated above that may be of custom design. All supporting information such as design standards, purchase specifications, cost estimate spreadsheets, quality control procedures, typical operation and maintenance manuals and design formulae including circulation details shall be provided.

Computer Software & Hardware

All necessary computer software and hardware required to properly size or rate the equipment as well as associated systems, properly licensed and authorized by the developer and/or distributor. Software source codes shall be provided. Necessary software shall include, but not be limited to, the following programs:

Keystone & Shared Component Program (KPSC Program) – The KPSC program shall be provided without the current limitations imposed within the License Agreement. The program shall be configured to allow the program to calculate the furnace volume, projected radiant surface area, effective radiant surface area, convective surface area etc.

Code Utility Programs – Drum Nozzles, Plate & Heads, Safety Valves, Swag Analysis, Tube Design, Valve Class ID, LP Zick Analysis

Combustion Utility Programs – Furnace Length, Flue Gas Recirculation Draft Loss

Process Utility Programs – Chevron Distribution Plate, Drum Hold Times, Feedwater Coil Design, Flue Gas Properties, Furnace Absorption, Steam Coil Design, Steam Properties, Vortex-Chevron

Utilities Programs – Bend Factor, % Volume to % Weight, Elevation Factors, Thermal Conductivity, Pipe Properties

Any additional programs, spreadsheets etc. not specifically stated above which are deemed necessary to properly evaluate the equipment shall also be provided.

Victory Energy Operations • 302 E. 5th Ave. Unit "D" • Owasso, OK 74055
• Phone: 918-274-0023 • Fax: 918-274-0059

CONFIDENTIAL

VEO0977

License to use the Keystone Name

As a part of this agreement, VEO shall be granted a perpetual and exclusive license (at least with respect to the assets being transferred hereunder) for use of the trade name "Keystone."

Technical Support

EPTI will provide for a period not to exceed twelve (12) months from the date of this agreement, without any further payment to EPTI, technical assistance to VEO by written or telephone response relating to the application and interpretation of the information provided. Beyond the twelve (12) month period, the rates outlined within Annex _____ shall apply.

Warranty & Representation

EPTI hereby warrants and represents that it will use its best efforts to insure that information provided to VEO as required above shall be free of any errors or omissions and shall be complete for the purpose intended and constitutes all necessary information for the VEO's intended use and shall be delivered free and clear of any liens or other encumbrances.

Victory Energy Operations • 302 E. 5th Ave. Unit "D" • Owasso, OK 74055
• Phone: 918-274-0023 • Fax: 918-274-0059

CONFIDENTIAL

VEO0978